

Teacher Lesson Plan

Module 8—Child Tax Credit and Additional Child Tax Credit

Time Frame

One to two class periods

Curriculum Area(s)

- Technology
- Civics/Government
- Family and Consumer Sciences
- History/Social Studies
- Economics

Purpose

To help students understand the child tax credit and additional child tax credit

Objectives

Students will be able to

- distinguish between a refundable tax credit and a nonrefundable tax credit.
- explain how the nonrefundable child tax credit affects the tax liability.
- explain how the refundable additional child tax credit affects tax liability.
- apply the requirements to claim the child tax credit and additional child tax credit, including the requirements for the child and the taxpayer.
- apply the limits on the amount of credit available for the child tax credit and the additional child tax credit.

Materials

Online

[Student Lesson— Claiming Child Tax Credit and Additional Child Tax](#)
[Tax Tutorial— Claiming Child Tax Credit and Additional Child Tax Credit](#)
[Simulation 8— Claiming Child Tax Credit and Additional Child Tax Credit](#)
[Assessment— Claiming Child Tax Credit and Additional Child Tax Credit](#)
[Assessment Solutions— Claiming Child Tax Credit and Additional Child Tax Credit](#)

Print (PDF)

[Fact Sheet— Claiming Child Tax Credit and Additional Child Tax Credit](#)
[Teacher Lesson Plan— Claiming Child Tax Credit and Additional Child Tax Credit](#)

Tax Forms

[Form 1040A](#)

Background

The child [tax credit](#) allows taxpayers to claim a tax credit of up to \$1,000 per qualifying child. This reduces their tax liability, potentially to \$0. In order to claim the credit, the taxpayer and child must meet numerous requirements.

When a taxpayer's child tax credit is more than their tax liability, they may be eligible to claim an additional child tax credit as well as the child tax credit. The additional tax credit is for certain individuals who get less than the full amount of the child tax credit. The additional child tax credit may give a taxpayer a [refund](#) even if they do not owe any tax.

Taxpayers must meet additional requirements to claim this credit.

A nonrefundable tax credit allows taxpayers to lower their tax liability to zero, but not below zero. The child tax credit is nonrefundable.

A refundable tax credit allows taxpayers to lower their tax liability to zero and still receive a refund. The additional child tax credit is refundable.

Key Terms

tax credit—a dollar-for-dollar reduction in the tax. Can be deducted directly from taxes owed.

refund— money owed to taxpayers when their total tax payments are greater than the total tax liability. Refunds are received from the government.

Opening the Lesson

Distribute [Fact Sheet-Claiming Child Tax Credit and Additional Child Tax Credit](#). Use the following questions to prompt students to share what they know about the credits:

- What is the difference between a refundable and nonrefundable tax credit? (A nonrefundable tax credit allows taxpayers to lower their tax liability to zero, but not below zero. A refundable tax credit allows taxpayers to lower their tax liability to zero and still receive a refund.)
- Can you think of any tax credits that are for taxpayers with children? (There are several tax credits for taxpayers with children. The two that are covered in these materials concern child tax credit and additional child tax credit.)

Then, explain that this lesson covers the requirements for claiming the child tax credit and additional child tax credit.

Note: For students who may want to work independently on this module, refer them to Student Lesson-Claiming the Child Tax Credit and Additional Child Tax Credit.

Developing the Lesson

Direct students to [Tax Tutorial-Claiming Child Tax Credit and Additional Child Tax Credit](#), and explain that this tax tutorial focuses on the child tax credit and additional child tax credit. Tell students that they will learn about the requirements to claim both of these tax credits. Then they will learn the difference between a refundable tax credit and a

nonrefundable tax credit. Inform students that they will have an opportunity to see how both tax credits are reported on tax forms.

Online Activity:

Direct students to [Simulation 8-Claiming Child Tax Credit and Additional Child Tax Credit](#). Explain to students that by using the information provided, they will compute the child tax credit and additional child tax credit for Scott Newberry.

Concluding the Lesson

After students have completed [Tax Tutorial-Claiming Child Tax Credit and Additional Child Tax Credit](#) and [Simulation 8-Claiming Child Tax Credit and Additional Child Tax Credit](#), ask them whether they have any questions about the standard deduction. To ensure that they understand the material, ask the following questions:

- What tax credit is nonrefundable: the child tax credit or the additional child tax credit? (*child tax credit*)
- If a taxpayer is not able to use the entire credit from the initial child tax credit, what other tax credit might they use? (*additional child tax credit*).

Assessment

As a final review, summarize the major lesson points. Remind students that the child tax credit is a nonrefundable credit that allows qualifying taxpayers to reduce their tax liability.

If a taxpayer is not able to use the entire credit from the maximum \$1,000 per qualifying child, they may be eligible for the additional child tax credit, which is a refundable tax credit.

When students are comfortable with the material, have them complete [Assessment-Claiming Child Tax Credit and Additional Child Tax Credit](#).

Assessment

Module 8: Claiming Child Tax Credit and Additional Child Tax Credit

Part 1

Which of the following children counts as a qualifying child for the child tax credit? Click on either Yes or No. To assess your answers, click the Check My Answers button at the bottom of the page.

1) Tony is a 16 year old United States citizen. He lives with his parents and is supported by them.

Tony is a qualifying child for the child tax credit

- A. Yes *Correct*
- B. No

2) Laura's son Jack turns 17 on December 30. He is a citizen of the United States. He lives with Laura, who provides all his support.

Jack is a qualifying child for the child tax credit.

- A. Yes
- B. No *Correct*

3) Peggy is an eligible foster child. She is a United States citizen. She lived with her current foster parents for 10 months of this tax year and they supported her.

Peggy is a qualifying child for the child tax credit.

- A. Yes
- B. No *Correct*

Part 2

Do the following taxpayers qualify for the child tax credit or additional child tax credit? Click on either Yes or No. To assess your answers, click the Check My Answers button at the bottom of the page.

1) Ken is a Widower with a modified adjusted gross income of \$30,000, a tax liability of \$490, and two children who qualify for the child tax credit.

Is Ken eligible for the child tax credit?

- A. Yes *Correct*
- B. No

2) Is Ken eligible for the additional child tax credit?

- A. Yes *Correct*
- B. No

3) Neil is single. He has a modified adjusted gross income of \$70,000 and a tax liability of \$5,000. He has three children who qualify for the child tax credit.

Is Neil eligible for the child tax credit?

A. Yes *Correct*

B. No

4) Is Neil eligible for the additional child tax credit?

A. Yes

B. No *Correct*

Part 3

Answer the following questions by clicking on the correct answers or by typing the correct answers in the fields. To assess your answers, click the *Check My Answers* button at the bottom of the page.

1) What is the maximum amount the child tax credit allows taxpayers to claim per qualifying child?

\$1000

2) What is the maximum amount the additional child tax credit allows taxpayers to claim per qualifying child?

\$1,000

3) If they meet the requirements, taxpayers may be able to claim both the child tax credit and the additional child tax credit.

A. Yes *Correct*

B. No

4) A taxpayer tax liability can be reduced to \$0 and still receive a refund with which tax credit?

A. The nonrefundable child tax credit

B. The refundable additional child tax credit *Correct*